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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

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SEC FILE NUMBER
8-21373

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Gabelli & Company, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

One Corporate Center

OFFICIAL USE ONLY
<hr/> FIRM ID. NO. <hr/>

Rye

New York

10580-1422

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Richard C. Sell, Jr.

(914) 921-5156

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

(Name - of individual, state last, first, middle name)

5 Times Square

New York

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED
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THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Richard C. Sell, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Gabelli & Company, Inc., as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Richard C. Sell, Jr.
Signature
Controller/Financial & Operations Principal
Title

Bonnie M. Cohen
Notary Public

BONNIE M. COHEN
Notary Public, State of New York
No. 31-4837345
Qualified in New York County
Commission Expires July 31, 2005

This report** contains (check all applicable boxes):

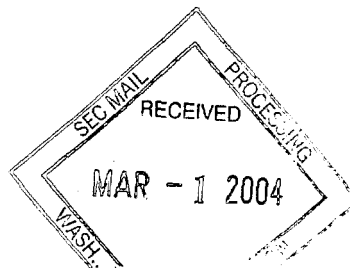
- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

STATEMENT OF FINANCIAL CONDITION

Gabelli & Company, Inc.
(SEC No. 8-21373)

For the year ended December 31, 2003
with Report of Independent Auditors



Gabelli & Company, Inc.

Statement of Financial Condition

For the year ended December 31, 2003

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Report of Independent Auditors

The Board of Directors and Stockholder
Gabelli & Company, Inc.

We have audited the accompanying statement of financial condition of Gabelli & Company, Inc. as of December 31, 2003. The statement of financial condition is the responsibility of the Company's management. Our responsibility is to express an opinion on the statement of financial condition based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Gabelli & Company, Inc. at December 31, 2003, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

February 24, 2004

Gabelli & Company, Inc.

Statement of Financial Condition

For the year ended December 31, 2003

Assets

Cash and cash equivalents	\$ 26,808,581
Investments in securities	4,591,397
Distribution fees receivable	1,848,137
Fixed assets, net of accumulated depreciation and amortization of \$829,277	95,736
Prepaid expenses	101,522
Receivables from affiliates	410,099
Receivables from brokers	275,397
Other assets	1,654,876
Total assets	<u>\$ 35,785,745</u>

Liabilities and stockholder's equity

Compensation payable	\$ 2,419,377
Payable to affiliates	678,468
Income taxes payable to parent (including deferred tax liabilities of \$132,404)	6,231,348
Accrued expenses and other liabilities	3,896,260
Total liabilities	<u>13,225,453</u>
Stockholder's equity	<u>22,560,292</u>
Total liabilities and stockholder's equity	<u>\$ 35,785,745</u>

See accompanying notes.

Gabelli & Company, Inc.

Notes to Statement of Financial Condition

December 31, 2003

A. Organization

Gabelli & Company, Inc. (the "Company") is a wholly-owned subsidiary of Gabelli Securities, Inc. (the "Parent"), which, in turn, is a majority-owned subsidiary of Gabelli Asset Management Inc. ("GBL"). The Company is registered as a broker-dealer with the Securities and Exchange Commission (the "SEC") and is a member of the National Association of Securities Dealers, Inc.

The Company acts as an introducing broker and all securities transactions for the Company and its customers are cleared through and carried by two New York Stock Exchange member firms on a fully disclosed basis. Accordingly, open customer transactions are not reflected in the accompanying statement of financial condition. The Company is exposed to credit losses on these open transactions in the event of nonperformance by its customers, pursuant to conditions of its clearing agreements with its clearing brokers. This exposure is reduced by the clearing broker's policy of monitoring the collateral and credit of the counter parties until the transaction is completed.

B. Significant Accounting Policies

Cash Equivalents

The Company generally classifies money market funds and other highly liquid investments with a maturity of three months or less as cash equivalents.

Receivables from Brokers

Amounts receivable from brokers arise from the purchases and sales of securities.

Investments in Securities

Investments in securities, consisting primarily of common stocks, U.S. government obligations and mutual funds, are stated at quoted market values. All securities transactions are recorded on a trade date basis.

Gabelli & Company, Inc.

Notes to Statement of Financial Condition (continued)

B. Significant Accounting Policies (continued)

Deferred Sales Commissions

Sales commissions paid to financial intermediaries in connection with the sale of shares of open-end Gabelli Mutual Funds sold without a front-end sales charge are capitalized and amortized over periods not exceeding 8 years, the period of time during which deferred sales commissions are expected to be recovered from distribution plan payments received from those funds and from contingent deferred sales charges received from shareholders of those funds upon redemption of their shares. Contingent deferred sales charges reduce unamortized deferred sales commissions when received. The amortization of these charges are included in distribution costs. At December 31, 2003, there was \$1,351,273 included in other assets for deferred sales commissions.

Depreciation and Amortization

Fixed assets are recorded at cost and are depreciated using the straight-line method over their respective useful lives.

Fair Values of Financial Instruments

The carrying amounts of all assets and liabilities, other than fixed assets, in the statement of financial condition approximate their fair values.

Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the statement of financial condition and accompanying notes. Actual results could differ from those estimates.

Gabelli & Company, Inc.

Notes to Statement of Financial Condition (continued)

C. Related Party Transactions

At December 31, 2003, the Company had an investment in the Gabelli U.S. Treasury Money Market Fund, a mutual fund advised by Gabelli Funds, LLC, of \$26,803,904, which is included in cash and cash equivalents in the statement of financial condition.

The Company serves as the principal distributor for mutual funds advised by Gabelli Funds, LLC (the "Funds").

At December 31, 2003, the receivables from affiliates consisted of administrative expenses paid by the Company and the payables to affiliates primarily consisted of amounts relating to expenses paid by GBL on the Company's behalf.

D. Investments in Securities

Investments in securities are recorded at quoted market value and consist of the following at December 31, 2003:

Mutual funds	\$ 3,893,752
Common stocks	647,740
U.S. government obligations	49,905
Total	<u>\$ 4,591,397</u>

All investment in securities are pledged to the clearing brokers on terms which permit those parties to sell or repledge the securities to others subject to certain limitations.

E. Retirement Plans

The Company participated in a qualified contributory employee profit sharing plan and an incentive savings plan (the "Plans"), each covering substantially all employees. Company contributions to the Plans are determined annually by the Board of Directors but may not exceed the amount permitted as a deductible expense under the Internal Revenue Code.

Gabelli & Company, Inc.

Notes to Statement of Financial Condition (continued)

F. Income Taxes

The Company accounts for income taxes under the liability method prescribed by Financial Accounting Standards Board Statement No. 109 ("FAS 109"). Under FAS 109, deferred income taxes reflect the net effects of temporary differences between the carrying amounts of assets and liabilities for financial accounting purposes and the amounts used for income tax purposes.

The Company is included in the consolidated U.S. Federal, State, and Local income tax return of its Parent. Pursuant to a tax sharing agreement with its Parent, the Company's Federal, State, and Local income tax provision is equivalent to the total amount the Company would have recorded for such taxes had the Company filed on a stand-alone basis.

Deferred income taxes relate primarily to the amortization of deferred sales charge, and other timing differences in the recognition of income and expenses for tax and financial reporting purposes.

G. Guarantees

In November 2002, the Financial Accounting Standards Board issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness to Others" ("FIN 45") which provides accounting and disclosure requirements for certain guarantees.

As described in Note A, the Company has agreed to indemnify the clearing broker for losses that it may sustain from the customer accounts introduced by the Company. At December 31, 2003, the total amount of customer balances subject to such indemnification was immaterial (i.e., margin debits). In accordance with applicable NYSE rules, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions.

Gabelli & Company, Inc.

Notes to Statement of Financial Condition (continued)

H. Net Capital Requirement

As a registered broker-dealer, the Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (the "Rule") which specifies, among other requirements, minimum net capital requirements for registered broker-dealers. The Company computes its net capital under the alternative method as permitted by the Rule, which requires that minimum net capital be \$250,000. These requirements also provide that equity capital may not be withdrawn or cash dividends paid if certain minimum net capital requirements are not met. At December 31, 2003, the Company had net capital, as defined, of \$16,898,501, exceeding the requirement by \$16,648,501.